

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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	:	
DEUTSCHE BANK TRUST COMPANY	:	
AMERICAS, as Trustee and Securities	:	
Intermediary,	:	
	:	
Plaintiff,	:	
	:	
- against -	:	No. 1:08 CV 00955 (LAK)
	:	
LACROSSE FINANCIAL PRODUCTS, LLC,	:	
CEDE & CO., as Holder of certain Secured Notes	:	
and nominee name of the Depositary Trust	:	
Company, AURELIUS CAPITAL PARTNERS,	:	
LP, THE BANK OF N.T. BUTTERFIELD & SON	:	
LIMITED, MAGNETAR CONSTELLATION	:	
MASTER FUND, LTD., MAGNETAR	:	
CONSTELLATION MASTER FUND III, LTD.,	:	
MAGNETAR CONSTELLATION FUND II,	:	
LTD., PALMER SQUARE 3 LIMITED, PASA	:	
FUNDING 2007-1, LTD., REVELSTOKE CDO I	:	
LTD., SILVER ELMS CDO plc, STANTON CDO	:	
I S.A., UBS ABSOLUTE RETURN BOND	:	
FUND, a fund of UBS Funds, Inc., UBS GLOBAL	:	
BOND FUND, a fund of UBS Funds, Inc., ZAIS	:	
OPPORTUNITY MASTER FUND, LTD, and	:	
DOES 1 through 100, owners of beneficial	:	
interests in the Secured Notes,	:	
	:	
Defendants.	X	

ANSWER OF DEFENDANTS
UBS ABSOLUTE RETURN BOND FUND AND UBS GLOBAL BOND FUND

Defendants, UBS Absolute Return Bond Fund and UBS Global Bond Fund (collectively the "UBS Funds"), by and through their undersigned attorneys, hereby respond to the Interpleader Complaint filed by Deutsche Bank Trust Company Americas ("Deutsche Bank") as follows:

1. Admitted on information and belief.

2. Admitted that Lacrosse Financial Products, LLC (“Lacrosse”) is a Delaware limited liability corporation. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations set forth in this paragraph and they are therefore denied.

3. It is admitted that Lacrosse is identified in the Indenture as the Super Senior Counterparty. It is further admitted that a copy of the Indenture was provided to the UBS Funds. Further answering, the Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

4. The allegations of this paragraph are conclusions of law to which no response is required. Further answering, the Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

5. The allegations of this paragraph are conclusions of law to which no response is required. Further answering, the Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

6. The Super Senior Confirmation and the Indenture, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

7. Admitted on information and belief.

8. Admitted, on information and belief, that Cede & Co. is the holder of record of Secured Notes. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph and they are therefore denied. Further answering, the Indenture and the Secured

Notes, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

9. The Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

10. The allegations of this paragraph are conclusions of law to which no response is required. To the extent any response is required, the Secured Notes, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

11. Admitted on information and belief.

12. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

13. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

14. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

15. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

16. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

17. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

18. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

19. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

20. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

21. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

22. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

23. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

24. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

25. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

26. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

27. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

28. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

29. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

30. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

31. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

32. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

33. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

34. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

35. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

36. Admitted that UBS Absolute Return Bond Fund is a fund of The UBS Funds, a Delaware statutory trust with its principal place of business at One North Wacker Drive, Chicago, Illinois 60606.

37. It is admitted that UBS Absolute Return Bond Fund is the beneficial owner of an interest in the Class C Secured Notes held by Cede & Co. The remaining allegations of this paragraph are conclusions of law to which no response is required.

38. Admitted that UBS Global Bond Fund is a fund of The UBS Funds, a Delaware statutory trust with its principal place of business at One North Wacker Drive, Chicago, Illinois 60606.

39. It is admitted that UBS Global Bond Fund is the beneficial owner of an interest in the Class C Secured Notes held by Cede & Co. The remaining allegations of this paragraph are conclusions of law to which no response is required.

40. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

41. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

42. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

43. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

44. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the Indenture and the “notice” referenced in

this paragraph, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

45. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the Indenture and the “notice” referenced in this paragraph, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

46. The Indenture, being in writing, speaks for itself and the UBS Funds deny characterization to the contrary.

47. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the Indenture, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

48. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

49. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

50. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

51. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the November 7, 2007 letter from LaCrosse, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

52. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied. Further answering, the November 7, 2007 letter from LaCrosse and the Indenture, being in writing, speak for themselves and the UBS Funds deny any characterization to the contrary.

53. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

54. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

55. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

56. The November 13, 2007 letter from Deutsche Bank, being in writing, speaks for itself and the UBS Funds deny any characterization to the contrary.

57. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

58. Admitted on information and belief.

59. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

60. Admitted on information and belief.

61. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

62. It is admitted that Deutsche Bank is commencing this action to pursue the remedy of statutory interpleader in federal court. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph and they are therefore denied.

63. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

64. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

65. After reasonable investigation, the UBS Funds are without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in this paragraph and they are therefore denied.

66. Admitted on information and belief.

67. The allegations of this paragraph are conclusions of law to which no response is required.

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83. The allegations of this paragraph are conclusions of law to which no response is required.

84. The allegations of this paragraph are conclusions of law to which no response is required.

85. The allegations of this paragraph are conclusions of law to which no response is required.

WHEREFORE, Defendants, the UBS Funds, respectfully request that this Court enter judgment in favor of the UBS Funds and grant the UBS Funds such other and further relief as this Court deems appropriate.

Dated: April 30, 2008



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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Trustee and Securities
Intermediary,

Plaintiff,

- against -

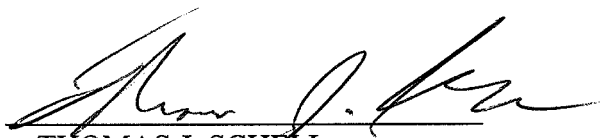
LACROSSE FINANCIAL PRODUCTS, LLC, CEDE & CO., as Holder of certain Secured Notes and nominee name of the Depositary Trust Company, AURELIUS CAPITAL PARTNERS, LP, THE BANK OF N.T. BUTTERFIELD & SON LIMITED, MAGNETAR CONSTELLATION MASTER FUND, LTD., MAGNETAR CONSTELLATION MASTER FUND III, LTD., MAGNETAR CONSTELLATION FUND II, LTD., PALMER SQUARE 3 LIMITED, PASA FUNDING 2007-1, LTD., REVELSTOKE CDO I LTD., SILVER ELMS CDO plc, STANTON CDO I S.A., UBS ABSOLUTE RETURN BOND FUND, a fund of UBS Funds, Inc., UBS GLOBAL BOND FUND, a fund of UBS Funds, Inc., ZAIS OPPORTUNITY MASTER FUND, LTD, and DOES 1 through 100, owners of beneficial interests in the Secured Notes.

Defendants.

No. 1:08 CV 00955 (LAK)

CERTIFICATE OF SERVICE

I, THOMAS J. SCHELL, hereby certify under penalty of perjury that, on April 30, 2008, I served copies of the **ANSWER OF DEFENDANTS UBS ABSOLUTE RETURN BOND FUND AND UBS GLOBAL BOND FUND** on behalf of **UBS ABSOLUTE RETURN BOND FUND, a fund of UBS Funds, Inc., and UBS GLOBAL BOND FUND, a fund of UBS Funds, Inc.**, together with the exhibits attached thereto, by first class mail upon the parties listed in the attached Service List.



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